

Town of Fairhaven

Board of Selectmen

FY20-21 Budget Policy Statement

Approved: 11/13/2019

The following policy guidelines are hereby issued to the Town Administrator to provide direction and assistance in developing the Town Administrator's recommended FY20-21 operating and capital budgets.

- Adherence to the Financial Management Policies and Guidelines adopted by the Board of Selectmen on September 19, 2016 including:
 - Maintain a Surplus Revenue (Free Cash) balance of at least 3-5% of the General Fund Operating Budget.
 - Maintain a General Fund Stabilization Fund at minimum of 5% of the General Fund Operating Budget.
 - Should the Capital Stabilization Fund be used to fund capital projects, ensure that financial plans are in place to replenish the fund within 3 years to amount equal to a minimum of 2-3% of the General Fund Operating budget.
 - Maintain a balance in the Health Insurance Trust Fund equal to three months of average costs of Health and Dental Assessments including administrative fees or \$1.6 million dollars whichever is greater.
 - With input from the Board of Assessors, fund the Overlay Reserve for tax abatements and exemptions based on an analysis of historical data and specific circumstances such as a property revaluation project.
 - Continuing the on-going effort of addressing the Other Post-Employment Benefits (OPEB) unfunded liability by increasing the appropriation from the current \$250,000 to a minimum of \$300,000.
 - The General Fund Operating Budget shall be "structurally balanced" defined as prudent and reasonable revenues projections should equal or greater than operating budget appropriations.
 - The use of one time revenues and other financing sources including Surplus Revenue (Free Cash) should be limited to one-time, non-recurring expenses such as capital improvements, property acquisitions, and contributions to various reserves and/or single year appropriations.
- After demonstrating compliance with the Financial Management Policies and Guidelines and to the extent that resources are available, the Town Administrator is referred to the Board of Selectmen's FY21 Policy Goals and Objectives approved on 11/13/2019 with direction to fund those programs, projects and initiatives that will advance the achievement of those goals and objectives. In presenting his budget, the Town Administrator shall specifically identify those

recommended expenditures that are intended to promote the achievement of the Board of Selectmen Policy Goals and Objectives.

- As provided for in the Board of Selectmen FY21 Policy Goals and Objectives, the Town Administrator shall allocate a portion of the Medical Marijuana Host Agreement Revenue in support of the Town's Wellness Program and a portion of the Town's Meals and Room Tax Revenue in support of the Beautification Committee.
- In drafting the Five Year Capital Improvement Plan, the Town Administrator, assisted by the Capital Planning Committee, shall develop and recommend a financing plan for construction of a Public Safety facility
- The May 2016 Town Meeting approved an operating budget for FY16-17 that significantly condensed the number of budget lines in order to improve the efficiency of Town Meeting deliberations and to provide greater flexibility to Town Department Directors to manage their operations. The Town Administrator when presenting his budget for FY20-21 is encouraged to continue further consolidation of budget line items.
- Continue the practice started in the May 2017 Annual Town Meeting of having only one Town Meeting Warrant and not a Special Town Meeting Warrant in addition to the Annual Town Meeting Warrant.